# Part 6
# Credits

**59-7-601 Credit of interest income from state and federal securities.**

(1) There shall be allowed as a credit against the tax an amount equal to 1% of the gross interest income included in state taxable income from:
  (a) bonds, notes, or other evidences of indebtedness issued by the state and its agencies and instrumentalities, and bonds, notes, or other evidences of indebtedness of any political subdivision as described in Section 11-14-303; and
  (b) stocks, notes, or obligations issued by, or guaranteed by the United States Government, or any of its agencies and instrumentalities as defined under federal law.
(2) Amounts otherwise qualifying for the credit, but not allowable because the credit exceeds the tax, may be carried back three years or may be carried forward five years as a credit against the tax. Such carryover credits shall be applied against the tax before the application of the credits earned in the current year and on a first-earned first-used basis.

Amended by Chapter 105, 2005 General Session

**59-7-605 Definitions -- Tax credits related to energy efficient vehicles.**

(1) As used in this section:
  (a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than the standards established in bin 4 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).
  (b) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air Conservation Act.
  (c) "OEM vehicle" means the same as that term is defined in Section 19-1-402.
  (d) "Original purchase" means the purchase of a vehicle that has never been titled or registered and has been driven less than 7,500 miles.
  (e) "Qualifying electric motorcycle" means a vehicle that:
    (i) has a seat or saddle for the use of the rider;
    (ii) is designed to travel with not more than three wheels in contact with the ground;
    (iii) may lawfully be operated on a freeway, as defined in Section 41-6a-102;
    (iv) is not fueled by natural gas;
    (v) is fueled by electricity only; and
    (vi) is an OEM vehicle except that the vehicle is fueled by a fuel described in Subsection (1)(e)(v).
  (f) "Qualifying electric vehicle" means a vehicle that:
    (i) meets air quality standards;
    (ii) is not fueled by natural gas;
    (iii) draws propulsion energy from a battery with at least 10 kilowatt hours of capacity; and
    (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in Subsection (1)(f)(iii).
  (g) "Qualifying plug-in hybrid vehicle" means a vehicle that:
    (i) meets air quality standards;
    (ii) is not fueled by natural gas or propane;
    (iii) has a battery capacity that meets or exceeds the battery capacity described in Section 30D(b)(3), Internal Revenue Code; and
    (iv) is fueled by a combination of electricity and:
      (A) diesel fuel;

(B) gasoline; or
(C) a mixture of gasoline and ethanol.

(2) For a taxable year beginning on or after January 1, 2015, but beginning on or before December 31, 2016, a taxpayer may claim a tax credit against tax otherwise due under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in an amount equal to:

(a)
(i) for the original purchase of a new qualifying electric vehicle that is registered in this state, the lesser of:
(A) $1,500; or
(B) 35% of the purchase price of the vehicle; or
(ii) for the original purchase of a new qualifying plug-in hybrid vehicle that is registered in this state, $1,000;

(b) for the original purchase of a new vehicle fueled by natural gas or propane that is registered in this state, the lesser of:
(i) $1,500; or
(ii) 35% of the purchase price of the vehicle;

(c) for the original purchase of a new qualifying electric motorcycle that is registered in this state, the lesser of:
(i) $750; or
(ii) 35% of the purchase price of the vehicle; and

(d) for a lease of a vehicle described in Subsection (2)(a), (b), or (c), an amount equal to the product of:
(i) the amount of tax credit the taxpayer would otherwise qualify to claim under Subsection (2)(a), (b), or (c) had the taxpayer purchased the vehicle, except that the purchase price described in Subsection (2)(a)(i)(B), (2)(b)(ii), or (2)(c)(ii) is considered to be the value of the vehicle at the beginning of the lease; and
(ii) a percentage calculated by:
(A) determining the difference between the value of the vehicle at the beginning of the lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as stated in the lease agreement; and
(B) dividing the difference determined under Subsection (2)(d)(ii)(A) by the value of the vehicle at the beginning of the lease, as stated in the lease agreement.

(3)
(a) The board shall:
(i) determine the amount of tax credit a taxpayer is allowed under this section; and
(ii) provide the taxpayer with a written certification of the amount of tax credit the taxpayer is allowed under this section.

(b) A taxpayer shall provide proof of the purchase or lease of an item for which a tax credit is allowed under this section by:
(i) providing proof to the board in the form the board requires by rule;
(ii) receiving a written statement from the board acknowledging receipt of the proof; and
(iii) retaining the written statement described in Subsection (3)(b)(ii).

(c) A taxpayer shall retain the written certification described in Subsection (3)(a)(ii).

(4) Except as provided by Subsection (5), the tax credit under this section is allowed only:

(a) against a tax owed under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in the taxable year by the taxpayer;

(b) for the taxable year in which a vehicle described in Subsection (2)(a), (b), or (c) is purchased or a vehicle described in Subsection (2)(d) is leased; and
(c) once per vehicle.
(5) A taxpayer may not assign a tax credit under this section to another person.
(6) If the amount of a tax credit claimed by a taxpayer under this section exceeds the taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for a taxable year, the amount of the tax credit exceeding the tax liability may be carried forward for a period that does not exceed the next five taxable years.
(7) In accordance with any rules prescribed by the commission under Subsection (8), the Division of Finance shall transfer at least annually from the General Fund into the Education Fund the amount by which the amount of tax credit claimed under this section for a fiscal year exceeds $500,000.
(8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules for making a transfer from the General Fund into the Education Fund as required by Subsection (7).

Amended by Chapter 369, 2016 General Session
Amended by Chapter 375, 2016 General Session

**59-7-606 Tax credit -- Items using cleaner burning fuels.**
(1) As used in this section, "board" means the Air Quality Board created under Title 19, Chapter 2, Air Conservation Act.
(2) For taxable years beginning on or after January 1, 1992, but prior to January 1, 2003, there is allowed a tax credit against tax otherwise due under this chapter in an amount equal to 10%, up to a maximum of $50, of the total of both the purchase cost and installation services cost of each pellet burning stove, high mass wood stove, and solid fuel burning device purchased and installed that is certified by the federal Environmental Protection Agency in accordance with test procedures prescribed in 40 C.F.R. Sec. 60.534, including purchase cost and installation service cost of natural gas or propane free standing fireplaces or inserts, but not including fireplace logs.
(3) A taxpayer shall provide proof of the purchase of an item for which a tax credit is allowed under this section by:
(a) providing proof to the board in the form the board requires by rule;
(b) receiving a written statement from the board acknowledging receipt of the proof; and
(c) retaining the written statement described in Subsection (3)(b).
(4) The tax credit under this section is allowed only:
(a) against any Utah tax owed in the taxable year by the taxpayer; and
(b) for the taxable year in which the item is purchased for which the tax credit is claimed.

Amended by Chapter 198, 2003 General Session

**59-7-607 Utah low-income housing tax credit.**
(1) As used in this section:
(a) "Allocation certificate" means:
(i) the certificate prescribed by the commission and issued by the Utah Housing Corporation to each taxpayer that specifies the percentage of the annual federal low-income housing tax credit that each taxpayer may take as an annual credit against state income tax; or

(ii) a copy of the allocation certificate that the housing sponsor provides to the taxpayer.

(b) "Building" means a qualified low-income building as defined in Section 42(c), Internal Revenue Code.

(c) "Federal low-income housing tax credit" means the tax credit under Section 42, Internal Revenue Code.

(d) "Housing sponsor" means a corporation in the case of a C corporation, a partnership in the case of a partnership, a corporation in the case of an S corporation, or a limited liability company in the case of a limited liability company.

(e) "Qualified allocation plan" means the qualified allocation plan adopted by the Utah Housing Corporation pursuant to Section 42(m), Internal Revenue Code.

(f) "Special low-income housing tax credit certificate" means a certificate:

(i) prescribed by the commission;

(ii) that a housing sponsor issues to a taxpayer for a taxable year; and

(iii) that specifies the amount of tax credit a taxpayer may claim under this section if the taxpayer meets the requirements of this section.

(g) "Taxpayer" means a person that is allowed a tax credit in accordance with this section which is the corporation in the case of a C corporation, the partners in the case of a partnership, the shareholders in the case of an S corporation, and the members in the case of a limited liability company.

(2)

(a) For taxable years beginning on or after January 1, 1995, there is allowed a nonrefundable tax credit against taxes otherwise due under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax, for taxpayers issued an allocation certificate.

(b) The tax credit shall be in an amount equal to the greater of the amount of:

(i) federal low-income housing tax credit to which the taxpayer is allowed during that year multiplied by the percentage specified in an allocation certificate issued by the Utah Housing Corporation; or

(ii) tax credit specified in the special low-income housing tax credit certificate that the housing sponsor issues to the taxpayer as provided in Subsection (2)(c).

(c) For purposes of Subsection (2)(b)(ii), the tax credit is equal to the product of:

(i) the total amount of low-income housing tax credit under this section that:

(A) a housing sponsor is allowed for a building; and

(B) all of the taxpayers may claim with respect to the building if the taxpayers meet the requirements of this section; and

(ii) the percentage of tax credit a taxpayer may claim:

(A) under this section if the taxpayer meets the requirements of this section; and

(B) as provided in the agreement between the taxpayer and the housing sponsor.

(d)

(i) For the calendar year beginning on January 1, 1995, through the calendar year beginning on January 1, 2025, the aggregate annual tax credit that the Utah Housing Corporation may allocate for the credit period described in Section 42(f), Internal Revenue Code, pursuant to this section and Section 59-10-1010 is an amount equal to the product of:

(A) 12.5 cents; and

(B) the population of Utah.

(ii) For purposes of this section, the population of Utah shall be determined in accordance with Section 146(j), Internal Revenue Code.

(3)

(a) The Utah Housing Corporation shall determine criteria and procedures for allocating the tax credit under this section and Section 59-10-1010 and incorporate the criteria and procedures into the Utah Housing Corporation's qualified allocation plan.

(b) The Utah Housing Corporation shall create the criteria under Subsection (3)(a) based on:

(i) the number of affordable housing units to be created in Utah for low and moderate income persons in the residential housing development of which the building is a part;

(ii) the level of area median income being served by the development;

(iii) the need for the tax credit for the economic feasibility of the development; and

(iv) the extended period for which the development commits to remain as affordable housing.

(4)

(a) The following may apply to the Utah Housing Corporation for a tax credit under this section:

(i) any housing sponsor that has received an allocation of the federal low-income housing tax credit; or

(ii) any applicant for an allocation of the federal low-income housing tax credit.

(b) The Utah Housing Corporation may not require fees for applications of the tax credit under this section in addition to those fees required for applications for the federal low-income housing tax credit.

(5)

(a) The Utah Housing Corporation shall determine the amount of the tax credit to allocate to a qualifying housing sponsor in accordance with the qualified allocation plan of the Utah Housing Corporation.

(b)

(i) The Utah Housing Corporation shall allocate the tax credit to housing sponsors in the same manner that it allocates federal low-income housing credits and shall issue an allocation certificate to qualifying housing sponsors as evidence of the allocation.

(ii) The allocation certificate under Subsection (5)(b)(i) shall specify the allowed percentage of the federal low-income housing tax credit as determined by the Utah Housing Corporation.

(c) The percentage specified in an allocation certificate may not exceed 100% of the federal low-income housing tax credit.

(6) A housing sponsor shall provide a copy of the allocation certificate to each taxpayer that is issued a special low-income housing tax credit certificate.

(7)

(a) A housing sponsor shall provide to the commission a list of:

(i) the taxpayers issued a special low-income housing tax credit certificate; and

(ii) for each taxpayer described in Subsection (7)(a)(i), the amount of tax credit listed on the special low-income housing tax credit certificate.

(b) A housing sponsor shall provide the list required by Subsection (7)(a):

(i) to the commission;

(ii) on a form provided by the commission; and

(iii) with the housing sponsor's tax return for each taxable year for which the housing sponsor issues a special low-income housing tax credit certificate described in this Subsection (7).

(8)

(a) All elections made by the taxpayer pursuant to Section 42, Internal Revenue Code, shall apply to this section.

(b)

(i) If a taxpayer is required to recapture a portion of any federal low-income housing tax credit, the taxpayer shall also be required to recapture a portion of any state tax credits authorized by this section.

(ii) The state recapture amount shall be equal to the percentage of the state tax credit that equals the proportion the federal recapture amount bears to the original federal low-income housing tax credit amount subject to recapture.

(9)

(a) Any tax credits returned to the Utah Housing Corporation in any year may be reallocated within the same time period as provided in Section 42, Internal Revenue Code.

(b) Tax credits that are unallocated by the Utah Housing Corporation in any year may be carried over for allocation in subsequent years.

(10)

(a) Amounts otherwise qualifying for the tax credit, but not allowable because the tax credit exceeds the tax, may be carried back three years or may be carried forward five years as a credit against the tax.

(b) Carryover tax credits under Subsection (10)(a) shall be applied against the tax:

(i) before the application of the tax credits earned in the current year; and

(ii) on a first-earned first-used basis.

(11) Any tax credit taken in this section may be subject to an annual audit by the commission.

(12) The Utah Housing Corporation shall annually provide an electronic report to the Revenue and Taxation Interim Committee which shall include at least:

(a) the purpose and effectiveness of the tax credits; and

(b) the benefits of the tax credits to the state.

(13) The commission may, in consultation with the Utah Housing Corporation, promulgate rules to implement this section.

Amended by Chapter 135, 2016 General Session
Amended by Chapter 289, 2016 General Session

**59-7-609 Historic preservation credit.**

(1)

(a) For tax years beginning January 1, 1993, and thereafter, there is allowed to a taxpayer subject to Section 59-7-104, as a credit against the tax due, an amount equal to 20% of qualified rehabilitation expenditures, costing more than $10,000, incurred in connection with any residential certified historic building. When qualifying expenditures of more than $10,000 are incurred, the credit allowed by this section shall apply to the full amount of expenditures.

(b) All rehabilitation work to which the credit may be applied shall be approved by the State Historic Preservation Office prior to completion of the rehabilitation project as meeting the Secretary of the Interior's Standards for Rehabilitation so that the office can provide corrective comments to the taxpayer in order to preserve the historical qualities of the building.

(c) Any amount of credit remaining may be carried forward to each of the five taxable years following the qualified expenditures.

(d) The commission, in consultation with the Division of State History, shall promulgate rules to implement this section.

(2) As used in this section:

(a) "Certified historic building" means a building that is listed on the National Register of Historic Places within three years of taking the credit under this section or that is located in a National Register Historic District and the building has been designated by the Division of State History as being of significance to the district.

(b)

(i) "Qualified rehabilitation expenditures" means any amount properly chargeable to the rehabilitation and restoration of the physical elements of the building, including the historic decorative elements, and the upgrading of the structural, mechanical, electrical, and plumbing systems to applicable codes.
(ii) "Qualified rehabilitation expenditures" does not include expenditures related to:
(A) the taxpayer's personal labor;
(B) cost of acquisition of the property;
(C) any expenditure attributable to the enlargement of an existing building;
(D) rehabilitation of a certified historic building without the approval required in Subsection (1)(b); or
(E) any expenditure attributable to landscaping and other site features, outbuildings, garages, and related features.
(c) "Residential" means a building used for residential use, either owner occupied or income producing.

Enacted by Chapter 42, 1995 General Session

**59-7-610 Recycling market development zones tax credit.**

(1) For taxable years beginning on or after January 1, 1996, a business operating in a recycling market development zone as defined in Section 63N-2-402 may claim a tax credit as provided in this section.
(a)
(i) There shall be allowed a nonrefundable tax credit of 5% of the purchase price paid for machinery and equipment used directly in:
(A) commercial composting; or
(B) manufacturing facilities or plant units that:
(I) manufacture, process, compound, or produce recycled items of tangible personal property for sale; or
(II) reduce or reuse postconsumer waste material.
(ii) The Governor's Office of Economic Development shall certify that the machinery and equipment described in Subsection (1)(a)(i) are integral to the composting or recycling process:
(A) on a form provided by the commission; and
(B) before a taxpayer is allowed a tax credit under this section.
(iii) The Governor's Office of Economic Development shall provide a taxpayer seeking to claim a tax credit under this section with a copy of the form described in Subsection (1)(a)(ii).
(iv) The taxpayer described in Subsection (1)(a)(iii) shall retain a copy of the form received under Subsection (1)(a)(iii).
(b) There shall be allowed a nonrefundable tax credit equal to 20% of net expenditures up to $10,000 to third parties for rent, wages, supplies, tools, test inventory, and utilities made by the taxpayer for establishing and operating recycling or composting technology in Utah, with an annual maximum tax credit of $2,000.
(2) The total nonrefundable tax credit allowed under this section may not exceed 40% of the Utah income tax liability of the taxpayer prior to any tax credits in the taxable year of purchase prior to claiming the tax credit authorized by this section.
(3)
(a) Any tax credit not used for the taxable year in which the purchase price on composting or recycling machinery and equipment was paid may be carried over for credit against the

business' income taxes in the three succeeding taxable years until the total tax credit amount is used.

(b) Tax credits not claimed by a business on the business' state income tax return within three years are forfeited.

(4) The commission shall make rules governing what information shall be filed with the commission to verify the entitlement to and amount of a tax credit.

(5)

(a) Notwithstanding Subsection (1)(a), for taxable years beginning on or after January 1, 2001, a taxpayer may not claim or carry forward a tax credit described in Subsection (1)(a) in a taxable year during which the taxpayer claims or carries forward a tax credit under Section 63N-2-213.

(b) For a taxable year other than a taxable year during which the taxpayer may not claim or carry forward a tax credit in accordance with Subsection (5)(a), a taxpayer may claim or carry forward a tax credit described in Subsection (1)(a):

(i) if the taxpayer may claim or carry forward the tax credit in accordance with Subsections (1) and (2); and

(ii) subject to Subsections (3) and (4).

(6) Notwithstanding Subsection (1)(b), for taxable years beginning on or after January 1, 2001, a taxpayer may not claim a tax credit described in Subsection (1)(b) in a taxable year during which the taxpayer claims or carries forward a tax credit under Section 63N-2-213.

(7) A taxpayer may not claim or carry forward a tax credit available under this section for a taxable year during which the taxpayer has claimed the targeted business income tax credit available under Section 63N-2-305.

Amended by Chapter 283, 2015 General Session

**59-7-612 Tax credits for research activities conducted in the state -- Carry forward -- Commission to report modification or repeal of certain federal provisions -- Revenue and Taxation Interim Committee study.**

(1)

(a) A taxpayer meeting the requirements of this section may claim the following nonrefundable tax credits:

(i) a research tax credit of 5% of the taxpayer's qualified research expenses for the current taxable year that exceed the base amount provided for under Subsection (4);

(ii) a tax credit for a payment to a qualified organization for basic research as provided in Section 41(e), Internal Revenue Code, of 5% for the current taxable year that exceed the base amount provided for under Subsection (4); and

(iii) a tax credit equal to 7.5% of the taxpayer's qualified research expenses for the current taxable year.

(b) Subject to Subsection (5), a taxpayer may claim a tax credit under:

(i) Subsection (1)(a)(i) or (1)(a)(iii), for the taxable year for which the taxpayer incurs the qualified research expenses; or

(ii) Subsection (1)(a)(ii), for the taxable year for which the taxpayer makes the payment to the qualified organization.

(c) The tax credits provided for in this section do not include the alternative incremental credit provided for in Section 41(c)(4), Internal Revenue Code.

(2) For purposes of claiming a tax credit under this section, a unitary group as defined in Section 59-7-101 is considered to be one taxpayer.

(3) Except as specifically provided for in this section:
(a) the tax credits authorized under Subsection (1) shall be calculated as provided in Section 41, Internal Revenue Code; and
(b) the definitions provided in Section 41, Internal Revenue Code, apply in calculating the tax credits authorized under Subsection (1).
(4) For purposes of this section:
(a) the base amount shall be calculated as provided in Sections 41(c) and 41(h), Internal Revenue Code, except that:
(i) the base amount does not include the calculation of the alternative incremental credit provided for in Section 41(c)(4), Internal Revenue Code;
(ii) a taxpayer's gross receipts include only those gross receipts attributable to sources within this state as provided in Part 3, Allocation and Apportionment of Income - Utah UDITPA Provisions; and
(iii) notwithstanding Section 41(c), Internal Revenue Code, for purposes of calculating the base amount, a taxpayer:
(A) may elect to be treated as a start-up company as provided in Section 41(c)(3)(B) regardless of whether the taxpayer meets the requirements of Section 41(c)(3)(B)(i)(I) or (II); and
(B) may not revoke an election to be treated as a start-up company under Subsection (4)(a)(iii)(A);
(b) "basic research" is as defined in Section 41(e)(7), Internal Revenue Code, except that the term includes only basic research conducted in this state;
(c) "qualified research" is as defined in Section 41(d), Internal Revenue Code, except that the term includes only qualified research conducted in this state;
(d) "qualified research expenses" is as defined and calculated in Section 41(b), Internal Revenue Code, except that the term includes only:
(i) in-house research expenses incurred in this state; and
(ii) contract research expenses incurred in this state; and
(e) a tax credit provided for in this section is not terminated if a credit terminates under Section 41, Internal Revenue Code.
(5)
(a) If the amount of a tax credit claimed by a taxpayer under Subsection (1)(a)(i) or (ii) exceeds the taxpayer's tax liability under this chapter for a taxable year, the amount of the tax credit exceeding the tax liability:
(i) may be carried forward for a period that does not exceed the next 14 taxable years; and
(ii) may not be carried back to a taxable year preceding the current taxable year.
(b) A taxpayer may not carry forward the tax credit allowed by Subsection (1)(a)(iii).
(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules for purposes of this section prescribing a certification process for qualified organizations to ensure that amounts paid to the qualified organizations are for basic research conducted in this state.
(7) If a provision of Section 41, Internal Revenue Code, is modified or repealed, the commission shall provide an electronic report of the modification or repeal to the Revenue and Taxation Interim Committee within 60 days after the day on which the modification or repeal becomes effective.
(8)
(a) The Revenue and Taxation Interim Committee shall review the tax credits provided for in this section on or before October 1 of the year after the year in which the commission reports

under Subsection (7) a modification or repeal of a provision of Section 41, Internal Revenue Code.

(b) The review described in Subsection (8)(a) is in addition to the review required by Section 59-7-159.

(c) Notwithstanding Subsection (8)(a), the Revenue and Taxation Interim Committee is not required to review the tax credits provided for in this section if the only modification to a provision of Section 41, Internal Revenue Code, is the extension of the termination date provided for in Section 41(h), Internal Revenue Code.

(d) The Revenue and Taxation Interim Committee shall address in a review under this section:

(i) the cost of the tax credits provided for in this section;

(ii) the purpose and effectiveness of the tax credits provided for in this section;

(iii) whether the tax credits provided for in this section benefit the state; and

(iv) whether the tax credits provided for in this section should be:

(A) continued;

(B) modified; or

(C) repealed.

(e) If the Revenue and Taxation Interim Committee reviews the tax credits provided for in this section, the committee shall issue a report of the Revenue and Taxation Interim Committee's findings.

Amended by Chapter 1, 2016 Special Session 3

**59-7-613 Tax credits for machinery, equipment, or both primarily used for conducting qualified research or basic research -- Carry forward -- Commission to report modification or repeal of certain federal provisions -- Revenue and Taxation Interim Committee study.**

(1) As used in this section:

(a) "Basic research" is as defined in Section 41(e)(7), Internal Revenue Code, except that the term includes only basic research conducted in this state.

(b) "Equipment" includes:

(i) a computer;

(ii) computer equipment; and

(iii) computer software.

(c) "Purchase price":

(i) includes the cost of installing an item of machinery or equipment; and

(ii) does not include a tax imposed under Chapter 12, Sales and Use Tax Act, on an item of machinery or equipment.

(d) "Qualified organization" is as defined in Section 41(e)(6), Internal Revenue Code.

(e) "Qualified research" is as defined in Section 41(d), Internal Revenue Code, except that the term includes only qualified research conducted in this state.

(2)

(a) Except as provided in Subsection (2)(c), for taxable years beginning on or after January 1, 1999, but beginning before December 31, 2010, a taxpayer meeting the requirements of this section may claim the following nonrefundable tax credits:

(i) a tax credit of 6% of the purchase price of machinery, equipment, or both:

(A) purchased by the taxpayer during the taxable year;

(B) that is subject to a tax under Chapter 12, Sales and Use Tax Act; and

(C) that is primarily used to conduct qualified research in this state; and

(ii) a tax credit of 6% of the purchase price of machinery, equipment, or both:

(A) purchased by the taxpayer during the taxable year;
(B) that is subject to a tax under Chapter 12, Sales and Use Tax Act;
(C) that is donated to a qualified organization; and
(D) that is primarily used to conduct basic research in this state.

(b) Subject to Subsection (5), a taxpayer may claim a tax credit under this section for the taxable year for which the taxpayer purchases the machinery, equipment, or both.

(c) If a taxpayer qualifies for a tax credit under Subsection (2)(a) for a purchase of machinery, equipment, or both, the taxpayer may not claim the tax credit or carry the tax credit forward if the machinery, equipment, or both, is primarily used to conduct qualified research in the state for a time period that is less than 12 consecutive months.

(3) For purposes of claiming a tax credit under this section, a unitary group as defined in Section 59-7-101 is considered to be one taxpayer.

(4) Notwithstanding Section 41(h), Internal Revenue Code, a tax credit provided for in this section is not terminated if a credit terminates under Section 41, Internal Revenue Code.

(5) If the amount of a tax credit claimed by a taxpayer under this section exceeds the taxpayer's tax liability under this chapter for a taxable year, the amount of the tax credit exceeding the tax liability:

(a) may be carried forward for a period that does not exceed the next 14 taxable years; and

(b) may not be carried back to a taxable year preceding the current taxable year.

(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules for purposes of this section prescribing a certification process for qualified organizations to ensure that machinery, equipment, or both provided to the qualified organization is to be primarily used to conduct basic research in this state.

(7) If a provision of Section 41, Internal Revenue Code, is modified or repealed, the commission shall provide an electronic report of the modification or repeal to the Revenue and Taxation Interim Committee within 60 days after the day on which the modification or repeal becomes effective.

(8)

(a) The Revenue and Taxation Interim Committee shall review the tax credits provided for in this section on or before October 1 of the year after the year in which the commission reports under Subsection (7) a modification or repeal of a provision of Section 41, Internal Revenue Code.

(b) Notwithstanding Subsection (8)(a), the Revenue and Taxation Interim Committee is not required to review the tax credits provided for in this section if the only modification to a provision of Section 41, Internal Revenue Code, is the extension of the termination date provided for in Section 41(h), Internal Revenue Code.

(c) The Revenue and Taxation Interim Committee shall address in a review under this section the:

(i) cost of the tax credits provided for in this section;
(ii) purpose and effectiveness of the tax credits provided for in this section;
(iii) whether the tax credits provided for in this section benefit the state; and
(iv) whether the tax credits provided for in this section should be:
(A) continued;
(B) modified; or
(C) repealed.

(d) If the Revenue and Taxation Interim Committee reviews the tax credits provided for in this section, the committee shall report its findings to the Legislative Management Committee

on or before the November interim meeting of the year in which the Revenue and Taxation Interim Committee reviews the tax credits.

Amended by Chapter 135, 2016 General Session

**59-7-614 Renewable energy systems tax credits -- Definitions -- Certification -- Rulemaking authority.**

(1) As used in this section:

(a)

(i) "Active solar system" means a system of equipment that is capable of:

(A) collecting and converting incident solar radiation into thermal, mechanical, or electrical energy; and

(B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a separate apparatus to storage or to the point of use.

(ii) "Active solar system" includes water heating, space heating or cooling, and electrical or mechanical energy generation.

(b) "Biomass system" means a system of apparatus and equipment for use in:

(i) converting material into biomass energy, as defined in Section 59-12-102; and

(ii) transporting the biomass energy by separate apparatus to the point of use or storage.

(c) "Commercial energy system" means a system that is:

(i)

(A) an active solar system;

(B) a biomass system;

(C) a direct use geothermal system;

(D) a geothermal electricity system;

(E) a geothermal heat pump system;

(F) a hydroenergy system;

(G) a passive solar system; or

(H) a wind system;

(ii) located in the state; and

(iii) used:

(A) to supply energy to a commercial unit; or

(B) as a commercial enterprise.

(d) "Commercial enterprise" means an entity, the purpose of which is to produce electrical, mechanical, or thermal energy for sale from a commercial energy system.

(e)

(i) "Commercial unit" means a building or structure that an entity uses to transact business.

(ii) Notwithstanding Subsection (1)(e)(i):

(A) with respect to an active solar system used for agricultural water pumping or a wind system, each individual energy generating device is considered to be a commercial unit; or

(B) if an energy system is the building or structure that an entity uses to transact business, a commercial unit is the complete energy system itself.

(f) "Direct use geothermal system" means a system of apparatus and equipment that enables the direct use of geothermal energy to meet energy needs, including heating a building, an industrial process, and aquaculture.

(g) "Geothermal electricity" means energy that is:

(i) contained in heat that continuously flows outward from the earth; and

(ii) used as a sole source of energy to produce electricity.

(h) "Geothermal energy" means energy generated by heat that is contained in the earth.

(i) "Geothermal heat pump system" means a system of apparatus and equipment that:

(i) enables the use of thermal properties contained in the earth at temperatures well below 100 degrees Fahrenheit; and

(ii) helps meet heating and cooling needs of a structure.

(j) "Hydroenergy system" means a system of apparatus and equipment that is capable of:

(i) intercepting and converting kinetic water energy into electrical or mechanical energy; and

(ii) transferring this form of energy by separate apparatus to the point of use or storage.

(k) "Office" means the Office of Energy Development created in Section 63M-4-401.

(l)

(i) "Passive solar system" means a direct thermal system that utilizes the structure of a building and its operable components to provide for collection, storage, and distribution of heating or cooling during the appropriate times of the year by utilizing the climate resources available at the site.

(ii) "Passive solar system" includes those portions and components of a building that are expressly designed and required for the collection, storage, and distribution of solar energy.

(m)

(i) "Principal recovery portion" means the portion of a lease payment that constitutes the cost a person incurs in acquiring a commercial energy system.

(ii) "Principal recovery portion" does not include:

(A) an interest charge; or

(B) a maintenance expense.

(n) "Residential energy system" means the following used to supply energy to or for a residential unit:

(i) an active solar system;

(ii) a biomass system;

(iii) a direct use geothermal system;

(iv) a geothermal heat pump system;

(v) a hydroenergy system;

(vi) a passive solar system; or

(vii) a wind system.

(o)

(i) "Residential unit" means a house, condominium, apartment, or similar dwelling unit that:

(A) is located in the state; and

(B) serves as a dwelling for a person, group of persons, or a family.

(ii) "Residential unit" does not include property subject to a fee under:

(A) Section 59-2-404;

(B) Section 59-2-405;

(C) Section 59-2-405.1;

(D) Section 59-2-405.2; or

(E) Section 59-2-405.3.

(p) "Wind system" means a system of apparatus and equipment that is capable of:

(i) intercepting and converting wind energy into mechanical or electrical energy; and

(ii) transferring these forms of energy by a separate apparatus to the point of use, sale, or storage.

(2) A taxpayer may claim an energy system tax credit as provided in this section against a tax due under this chapter for a taxable year.

(3)
(a) Subject to the other provisions of this Subsection (3), a taxpayer may claim a nonrefundable tax credit under this Subsection (3) with respect to a residential unit the taxpayer owns or uses if:
(i) the taxpayer:
(A) purchases and completes a residential energy system to supply all or part of the energy required for the residential unit; or
(B) participates in the financing of a residential energy system to supply all or part of the energy required for the residential unit;
(ii) the residential energy system is completed and placed in service on or after January 1, 2007; and
(iii) the taxpayer obtains a written certification from the office in accordance with Subsection (7).
(b)
(i) Subject to Subsections (3)(b)(ii) through (v), the tax credit is equal to 25% of the reasonable costs of each residential energy system installed with respect to each residential unit the taxpayer owns or uses.
(ii) A tax credit under this Subsection (3) may include installation costs.
(iii) A taxpayer may claim a tax credit under this Subsection (3) for the taxable year in which the residential energy system is completed and placed in service.
(iv) If the amount of a tax credit under this Subsection (3) exceeds a taxpayer's tax liability under this chapter for a taxable year, the amount of the tax credit exceeding the liability may be carried forward for a period that does not exceed the next four taxable years.
(v) The total amount of tax credit a taxpayer may claim under this Subsection (3) may not exceed $2,000 per residential unit.
(c) If a taxpayer sells a residential unit to another person before the taxpayer claims the tax credit under this Subsection (3):
(i) the taxpayer may assign the tax credit to the other person; and
(ii)
(A) if the other person files a return under this chapter, the other person may claim the tax credit under this section as if the other person had met the requirements of this section to claim the tax credit; or
(B) if the other person files a return under Chapter 10, Individual Income Tax Act, the other person may claim the tax credit under Section 59-10-1014 as if the other person had met the requirements of Section 59-10-1014 to claim the tax credit.
(4)
(a) Subject to the other provisions of this Subsection (4), a taxpayer may claim a refundable tax credit under this Subsection (4) with respect to a commercial energy system if:
(i) the commercial energy system does not use:
(A) wind, geothermal electricity, solar, or biomass equipment capable of producing a total of 660 or more kilowatts of electricity; or
(B) solar equipment capable of producing 2,000 or more kilowatts of electricity;
(ii) the taxpayer purchases or participates in the financing of the commercial energy system;
(iii)
(A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the taxpayer; or
(B) the taxpayer sells all or part of the energy produced by the commercial energy system as a commercial enterprise;

(iv) the commercial energy system is completed and placed in service on or after January 1, 2007; and

(v) the taxpayer obtains a written certification from the office in accordance with Subsection (7).

(b)

(i) Subject to Subsections (4)(b)(ii) through (v), the tax credit is equal to 10% of the reasonable costs of the commercial energy system.

(ii) A tax credit under this Subsection (4) may include installation costs.

(iii) A taxpayer may claim a tax credit under this Subsection (4) for the taxable year in which the commercial energy system is completed and placed in service.

(iv) A tax credit under this Subsection (4) may not be carried forward or carried back.

(v) The total amount of tax credit a taxpayer may claim under this Subsection (4) may not exceed $50,000 per commercial unit.

(c)

(i) Subject to Subsections (4)(c)(ii) and (iii), a taxpayer that is a lessee of a commercial energy system installed on a commercial unit may claim a tax credit under this Subsection (4) if the taxpayer confirms that the lessor irrevocably elects not to claim the tax credit.

(ii) A taxpayer described in Subsection (4)(c)(i) may claim as a tax credit under this Subsection (4) only the principal recovery portion of the lease payments.

(iii) A taxpayer described in Subsection (4)(c)(i) may claim a tax credit under this Subsection (4) for a period that does not exceed seven taxable years after the date the lease begins, as stated in the lease agreement.

(5)

(a) Subject to the other provisions of this Subsection (5), a taxpayer may claim a refundable tax credit under this Subsection (5) with respect to a commercial energy system if:

(i) the commercial energy system uses wind, geothermal electricity, or biomass equipment capable of producing a total of 660 or more kilowatts of electricity;

(ii)

(A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the taxpayer; or

(B) the taxpayer sells all or part of the energy produced by the commercial energy system as a commercial enterprise;

(iii) the commercial energy system is completed and placed in service on or after January 1, 2007; and

(iv) the taxpayer obtains a written certification from the office in accordance with Subsection (7).

(b)

(i) Subject to Subsections (5)(b)(ii) and (iii), a tax credit under this Subsection (5) is equal to the product of:

(A) 0.35 cents; and

(B) the kilowatt hours of electricity produced and used or sold during the taxable year.

(ii) A tax credit under this Subsection (5) may be claimed for production occurring during a period of 48 months beginning with the month in which the commercial energy system is placed in commercial service.

(iii) A tax credit under this Subsection (5) may not be carried forward or carried back.

(c) A taxpayer that is a lessee of a commercial energy system installed on a commercial unit may claim a tax credit under this Subsection (5) if the taxpayer confirms that the lessor irrevocably elects not to claim the tax credit.

(6)

(a) Subject to the other provisions of this Subsection (6), a taxpayer may claim a refundable tax credit as provided in this Subsection (6) if:
(i) the taxpayer owns a commercial energy system that uses solar equipment capable of producing a total of 660 or more kilowatts of electricity;
(ii)
(A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the taxpayer; or
(B) the taxpayer sells all or part of the energy produced by the commercial energy system as a commercial enterprise;
(iii) the taxpayer does not claim a tax credit under Subsection (4);
(iv) the commercial energy system is completed and placed in service on or after January 1, 2015; and
(v) the taxpayer obtains a written certification from the office in accordance with Subsection (7).
(b)
(i) Subject to Subsections (6)(b)(ii) and (iii), a tax credit under this Subsection (6) is equal to the product of:
(A) 0.35 cents; and
(B) the kilowatt hours of electricity produced and used or sold during the taxable year.
(ii) A tax credit under this Subsection (6) may be claimed for production occurring during a period of 48 months beginning with the month in which the commercial energy system is placed in commercial service.
(iii) A tax credit under this Subsection (6) may not be carried forward or carried back.
(c) A taxpayer that is a lessee of a commercial energy system installed on a commercial unit may claim a tax credit under this Subsection (6) if the taxpayer confirms that the lessor irrevocably elects not to claim the tax credit.
(7)
(a) Before a taxpayer may claim a tax credit under this section, the taxpayer shall obtain a written certification from the office.
(b) The office shall issue a taxpayer a written certification if the office determines that:
(i) the taxpayer meets the requirements of this section to receive a tax credit; and
(ii) the residential energy system or commercial energy system with respect to which the taxpayer seeks to claim a tax credit:
(A) has been completely installed;
(B) is a viable system for saving or producing energy from renewable resources; and
(C) is safe, reliable, efficient, and technically feasible to ensure that the residential energy system or commercial energy system uses the state's renewable and nonrenewable energy resources in an appropriate and economic manner.
(c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office may make rules:
(i) for determining whether a residential energy system or commercial energy system meets the requirements of Subsection (7)(b)(ii); and
(ii) for purposes of a tax credit under Subsection (3) or (4), establishing the reasonable costs of a residential energy system or a commercial energy system, as an amount per unit of energy production.
(d) A taxpayer that obtains a written certification from the office shall retain the certification for the same time period a person is required to keep books and records under Section 59-1-1406.
(8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules to address the certification of a tax credit under this section.

(9) A tax credit under this section is in addition to any tax credits provided under the laws or rules and regulations of the United States.

Amended by Chapter 1, 2016 Special Session 3

**59-7-614.1 Refundable tax credit for hand tools used in farming operations -- Procedures for refund -- Transfers from General Fund to Education Fund -- Rulemaking authority.**

(1) For a taxable year beginning on or after January 1, 2004, a taxpayer may claim a refundable tax credit:
  (a) as provided in this section;
  (b) against taxes otherwise due under this chapter; and
  (c) in an amount equal to the amount of tax the taxpayer pays:
    (i) on a purchase of a hand tool:
      (A) if the purchase is made on or after July 1, 2004;
      (B) if the hand tool is used or consumed primarily and directly in a farming operation in the state; and
      (C) if the unit purchase price of the hand tool is more than $250; and
    (ii) under Chapter 12, Sales and Use Tax Act, on the purchase described in Subsection (1)(c)(i).
(2) A taxpayer:
  (a) shall retain the following to establish the amount of tax the resident or nonresident individual paid under Chapter 12, Sales and Use Tax Act, on the purchase described in Subsection (1)(c)(i):
    (i) a receipt;
    (ii) an invoice; or
    (iii) a document similar to a document described in Subsection (2)(a)(i) or (ii); and
  (b) may not carry forward or carry back a tax credit under this section.
(3)
  (a) In accordance with any rules prescribed by the commission under Subsection (3)(b):
    (i) the commission shall make a refund to a taxpayer that claims a tax credit under this section if the amount of the tax credit exceeds the taxpayer's tax liability under this chapter; and
    (ii) the Division of Finance shall transfer at least annually from the General Fund into the Education Fund an amount equal to the amount of tax credit claimed under this section.
  (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules providing procedures for making:
    (i) a refund to a taxpayer as required by Subsection (3)(a)(i); or
    (ii) transfers from the General Fund into the Education Fund as required by Subsection (3)(a)(ii).

Amended by Chapter 375, 2016 General Session

**59-7-614.2 Refundable economic development tax credit.**

(1) As used in this section:
  (a) "Business entity" means a taxpayer that meets the definition of "business entity" as defined in Section 63N-2-103.
  (b) "Community reinvestment agency" means the same as that term is defined in Section 17C-1-102.
  (c) "Local government entity" means the same as that term is defined in Section 63N-2-103.

(d) "New incremental jobs" means the same as that term is defined in Section 63N-2-103.
(e) "New state revenues" means the same as that term is defined in Section 63N-2-103.
(f) "Office" means the Governor's Office of Economic Development.
(2) Subject to the other provisions of this section, a business entity, local government entity, or community reinvestment agency may claim a refundable tax credit for economic development.
(3) The tax credit under this section is the amount listed as the tax credit amount on the tax credit certificate that the office issues to the business entity, local government entity, or community reinvestment agency for the taxable year.
(4) A community reinvestment agency may claim a tax credit under this section only if a local government entity assigns the tax credit to the community reinvestment agency in accordance with Section 63N-2-104.
(5)
(a) In accordance with any rules prescribed by the commission under Subsection (5)(b), the commission shall make a refund to the following that claim a tax credit under this section:
(i) a local government entity;
(ii) a community reinvestment agency; or
(iii) a business entity if the amount of the tax credit exceeds the business entity's tax liability for a taxable year.
(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules providing procedures for making a refund to a business entity, local government entity, or community reinvestment agency as required by Subsection (5)(a).
(6)
(a) In accordance with Section 59-7-159, the Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and make recommendations concerning whether the tax credit should be continued, modified, or repealed.
(b) Except as provided in Subsection (6)(c), for purposes of the study required by this Subsection (6), the office shall provide the following information, if available to the office, to the Revenue and Taxation Interim Committee by electronic means:
(i) the amount of tax credit that the office grants to each business entity, local government entity, or community reinvestment agency for each calendar year;
(ii) the criteria that the office uses in granting a tax credit;
(iii)
(A) for a business entity, the new state revenues generated by the business entity for the calendar year; or
(B) for a local government entity, regardless of whether the local government entity assigns the tax credit in accordance with Section 63N-2-104, the new state revenues generated as a result of a new commercial project within the local government entity for each calendar year;
(iv) estimates for each of the next three calendar years of the following:
(A) the amount of tax credits that the office will grant;
(B) the amount of new state revenues that will be generated; and
(C) the number of new incremental jobs within the state that will be generated;
(v) the information contained in the office's latest report under Section 63N-2-106; and
(vi) any other information that the Revenue and Taxation Interim Committee requests.
(c)
(i) In providing the information described in Subsection (6)(b), the office shall redact information that identifies a recipient of a tax credit under this section.

(ii) If, notwithstanding the redactions made under Subsection (6)(c)(i), reporting the information described in Subsection (6)(b) might disclose the identity of a recipient of a tax credit, the office may file a request with the Revenue and Taxation Interim Committee to provide the information described in Subsection (6)(b) in the aggregate for all entities and agencies that receive the tax credit under this section.

(d) The Revenue and Taxation Interim Committee shall ensure that the recommendations described in Subsection (6)(a) include an evaluation of:

(i) the cost of the tax credit to the state;

(ii) the purpose and effectiveness of the tax credit; and

(iii) the extent to which the state benefits from the tax credit.

Amended by Chapter 1, 2016 Special Session 3

**59-7-614.4 Tax credit for pass-through entity taxpayer.**

(1) As used in this section:

(a) "Pass-through entity" is as defined in Section 59-10-1402.

(b) "Pass-through entity taxpayer" is as defined in Section 59-10-1402.

(2) A pass-through entity taxpayer may claim a refundable tax credit against the tax otherwise due under this chapter.

(3) The tax credit described in Subsection (2) is equal to the amount paid or withheld by the pass-through entity on behalf of the pass-through entity taxpayer described in Subsection (2) in accordance with Section 59-10-1403.2.

(4) A pass-through entity taxpayer may not claim a tax credit under this section for an amount for which the pass-through entity taxpayer claims a tax credit under Section 59-10-1103.

Enacted by Chapter 312, 2009 General Session

**59-7-614.5 Refundable motion picture tax credit.**

(1) As used in this section:

(a) "Motion picture company" means a taxpayer that meets the definition of a motion picture company under Section 63N-8-102.

(b) "Office" means the Governor's Office of Economic Development created in Section 63N-1-201.

(c) "State-approved production" means the same as that term is defined in Section 63N-8-102.

(2) For a taxable year beginning on or after January 1, 2009, a motion picture company may claim a refundable tax credit for a state-approved production.

(3) The tax credit under this section is the amount listed as the tax credit amount on the tax credit certificate that the office issues to a motion picture company under Section 63N-8-103 for the taxable year.

(4)

(a) In accordance with any rules prescribed by the commission under Subsection (4)(b), the commission shall make a refund to a motion picture company that claims a tax credit under this section if the amount of the tax credit exceeds the motion picture company's tax liability for a taxable year.

(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules providing procedures for making a refund to a motion picture company as required by Subsection (4)(a).

(5)

(a) In accordance with Section 59-7-159, the Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and make recommendations concerning whether the tax credit should be continued, modified, or repealed.

(b)

(i) Except as provided in Subsection (5)(b)(ii), for purposes of the study required by this Subsection (5), the office shall provide the following information, if available to the office, to the Office of the Legislative Fiscal Analyst by electronic means:

(A) the amount of tax credit that the office grants to each motion picture company for each calendar year;

(B) estimates of the amount of tax credit that the office will grant for each of the next three calendar years;

(C) the criteria that the office uses in granting the tax credit;

(D) the dollars left in the state, as defined in Section 63N-8-102, by each motion picture company for each calendar year;

(E) the information contained in the office's latest report under Section 63N-8-105; and

(F) any other information that the Office of the Legislative Fiscal Analyst requests.

(ii)

(A) In providing the information described in Subsection (5)(b)(i), the office shall redact information that identifies a recipient of a tax credit under this section.

(B) If, notwithstanding the redactions made under Subsection (5)(b)(ii)(A), reporting the information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax credit, the office may file a request with the Revenue and Taxation Interim Committee to provide the information described in Subsection (5)(b)(i) in the aggregate for all motion picture companies that receive the tax credit under this section.

(c) As part of the study required by this Subsection (5), the Office of the Legislative Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and analysis of the information provided to the Office of the Legislative Fiscal Analyst by the office under Subsection (5)(b).

(d) The Revenue and Taxation Interim Committee shall ensure that the recommendations described in Subsection (5)(a) include an evaluation of:

(i) the cost of the tax credit to the state;

(ii) the effectiveness of the tax credit; and

(iii) the extent to which the state benefits from the tax credit.

Amended by Chapter 1, 2016 Special Session 3

**59-7-614.7 Nonrefundable alternative energy development tax credit.**

(1) As used in this section:

(a) "Alternative energy entity" means the same as that term is defined in Section 63M-4-502.

(b) "Alternative energy project" means the same as that term is defined in Section 63M-4-502.

(c) "Office" means the Office of Energy Development created in Section 63M-4-401.

(2) Subject to the other provisions of this section, an alternative energy entity may claim a nonrefundable tax credit for alternative energy development as provided in this section.

(3) The tax credit under this section is the amount listed as the tax credit amount on a tax credit certificate that the office issues under Title 63M, Chapter 4, Part 5, Alternative Energy Development Tax Credit Act, to the alternative energy entity for the taxable year.

(4) An alternative energy entity may carry forward a tax credit under this section for a period that does not exceed the next seven taxable years if:

(a) the alternative energy entity is allowed to claim a tax credit under this section for a taxable year; and
(b) the amount of the tax credit exceeds the alternative energy entity's tax liability under this chapter for that taxable year.

(5)
(a) In accordance with Section 59-7-159, the Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and make recommendations concerning whether the tax credit should be continued, modified, or repealed.
(b)
(i) Except as provided in Subsection (5)(b)(ii), for purposes of the study required by this Subsection (5), the office shall provide the following information, if available to the office, to the Office of the Legislative Fiscal Analyst by electronic means:
(A) the amount of tax credit that the office grants to each alternative energy entity for each taxable year;
(B) the new state revenues generated by each alternative energy project;
(C) the information contained in the office's latest report under Section 63M-4-505; and
(D) any other information that the Office of the Legislative Fiscal Analyst requests.
(ii)
(A) In providing the information described in Subsection (5)(b)(i), the office shall redact information that identifies a recipient of a tax credit under this section.
(B) If, notwithstanding the redactions made under Subsection (5)(b)(ii)(A), reporting the information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax credit, the office may file a request with the Revenue and Taxation Interim Committee to provide the information described in Subsection (5)(b)(i) in the aggregate for all alternative energy entities that receive the tax credit under this section.
(c) As part of the study required by this Subsection (5), the Office of the Legislative Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and analysis of the information provided to the Office of the Legislative Fiscal Analyst by the office under Subsection (5)(b).
(d) The Revenue and Taxation Interim Committee shall ensure that the recommendations described in Subsection (5)(a) include an evaluation of:
(i) the cost of the tax credit to the state;
(ii) the purpose and effectiveness of the tax credit; and
(iii) the extent to which the state benefits from the tax credit.

Amended by Chapter 1, 2016 Special Session 3

**59-7-614.8 Nonrefundable alternative energy manufacturing tax credit.**

(1) As used in this section:
(a) "Alternative energy entity" means the same as that term is defined in Section 63N-2-702.
(b) "Alternative energy manufacturing project" means the same as that term is defined in Section 63N-2-702.
(c) "New incremental job within the state" means the same as that term is defined in Section 63N-2-702.
(d) "New state revenues" means the same as that term is defined in Section 63N-2-702.
(e) "Office" means the Governor's Office of Economic Development created in Section 63N-1-201.

(2) Subject to the other provisions of this section, an alternative energy entity may claim a nonrefundable tax credit for alternative energy manufacturing as provided in this section.
(3) The tax credit under this section is the amount listed as the tax credit amount on a tax credit certificate that the office issues under Title 63N, Chapter 2, Part 7, Alternative Energy Manufacturing Tax Credit Act, to the alternative energy entity for the taxable year.
(4) An alternative energy entity may carry forward a tax credit under this section for a period that does not exceed the next seven taxable years if:
(a) the alternative energy entity is allowed to claim a tax credit under this section for a taxable year; and
(b) the amount of the tax credit exceeds the alternative energy entity's tax liability under this chapter for that taxable year.
(5)
(a) In accordance with Section 59-7-159, the Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and make recommendations concerning whether the tax credit should be continued, modified, or repealed.
(b) Except as provided in Subsection (5)(c), for purposes of the study required by this Subsection (5), the office shall provide the following information, if available to the office, to the Office of the Legislative Fiscal Analyst by electronic means:
(i) the amount of tax credit that the office grants to each alternative energy entity for each taxable year;
(ii) the new state revenues generated by each alternative energy manufacturing project;
(iii) estimates for each of the next three calendar years of the following:
(A) the amount of tax credits that the office will grant;
(B) the amount of new state revenues that will be generated; and
(C) the number of new incremental jobs within the state that will be generated;
(iv) the information contained in the office's latest report under Section 63N-2-705; and
(v) any other information that the Office of the Legislative Fiscal Analyst requests.
(c)
(i) In providing the information described in Subsection (5)(b), the office shall redact information that identifies a recipient of a tax credit under this section.
(ii) If, notwithstanding the redactions made under Subsection (5)(c)(i), reporting the information described in Subsection (5)(b) might disclose the identity of a recipient of a tax credit, the office may file a request with the Revenue and Taxation Interim Committee to provide the information described in Subsection (5)(b) in the aggregate for all alternative energy entities that receive the tax credit under this section.
(d) As part of the study required by this Subsection (5), the Office of the Legislative Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and analysis of the information provided to the Office of the Legislative Fiscal Analyst by the office under Subsection (5)(b).
(e) The Revenue and Taxation Interim Committee shall ensure that the recommendations described in Subsection (5)(a) include an evaluation of:
(i) the cost of the tax credit to the state;
(ii) the purpose and effectiveness of the tax credit; and
(iii) the extent to which the state benefits from the tax credit.

Amended by Chapter 1, 2016 Special Session 3

**59-7-614.9 Nonrefundable tax credit for employing a recently deployed veteran.**

(1) As used in this section, "recently deployed veteran" means an individual who:
(a) was mobilized to active federal military service in:
(i) an active component of the United States Armed Forces as defined in Section 59-10-1027; or
(ii) a reserve component of the United States Armed Forces as defined in Section 59-10-1027; and
(b) received an honorable or general discharge from active federal military service under Subsection (1)(a) within the two-year period before the date the employment begins.
(2) A corporation may claim a nonrefundable tax credit as provided in this section against a tax under this chapter if the corporation employs a recently deployed veteran on or after January 1, 2012, who:
(a)
(i) is collecting or is eligible to collect unemployment benefits under Title 35A, Chapter 4, Part 4, Benefits and Eligibility; or
(ii) within the last two years, has exhausted the unemployment benefits under Subsection (2)(a)(i); and
(b) works for the corporation at least 35 hours per week for not less than 45 of the 52 weeks following the recently deployed veteran's start date for the employment.
(3) A tax credit:
(a) earned under this section shall be claimed beginning in the year the requirements of Subsection (2) are met;
(b) for the first taxable year, is equal to $200 for each month of employment not to exceed $2,400 for the taxable year for each recently deployed veteran; and
(c) for the second taxable year, is equal to $400 for each month of employment not to exceed $4,800 for the taxable year for each recently deployed veteran.
(4) A corporation that claims a tax credit under this section shall retain the following for each recently deployed veteran for which a tax credit is claimed under this section:
(a) the recently deployed veteran's:
(i) name;
(ii) taxpayer identification number;
(iii) last known address;
(iv) start date for the employment; and
(v) documentation establishing that the recently deployed veteran was employed as required under Subsection (2)(b);
(b) documentation provided by the recently deployed veteran's military service unit establishing that the recently deployed veteran is a recently deployed veteran; and
(c) a signed statement from the Department of Workforce Services that the recently deployed veteran meets the requirements of Subsection (2)(a) regarding unemployment benefits.
(5) A corporation shall provide the information described in Subsection (4) to the commission at the request of the commission.
(6) A corporation may carry forward a tax credit under this section for a period that does not exceed the next five taxable years if:
(a) the corporation is allowed to claim a tax credit under this section for a taxable year; and
(b) the amount of the tax credit exceeds the corporation's tax liability under this chapter for that taxable year.

Enacted by Chapter 306, 2012 General Session

**59-7-614.10 Nonrefundable enterprise zone tax credit.**

(1) As used in this section:

(a) "Business entity" means a corporation that meets the definition of "business entity" as that term is defined in Section 63N-2-202.

(b) "Office" means the Governor's Office of Economic Development created in Section 63N-1-201.

(2) Subject to the provisions of this section, a business entity may claim a nonrefundable enterprise zone tax credit as described in Section 63N-2-213.

(3) The enterprise zone tax credit under this section is the amount listed as the tax credit amount on the tax credit certificate that the office issues to the business entity for the taxable year.

(4) A business entity may carry forward a tax credit under this section for a period that does not exceed the next three taxable years, if the amount of the tax credit exceeds the business entity's tax liability under this chapter for that taxable year.

(5) A business entity may not claim or carry forward a tax credit available under this part for a taxable year during which the business entity has claimed the targeted business income tax credit available under Section 63N-2-305.

(6)

(a) In accordance with Section 59-7-159, the Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and make recommendations concerning whether the tax credit should be continued, modified, or repealed.

(b)

(i) Except as provided in Subsection (6)(b)(ii), for purposes of the study required by this Subsection (6), the office shall provide by electronic means the following information for each calendar year to the Office of the Legislative Fiscal Analyst:

(A) the amount of tax credits provided in each development zone;

(B) the number of new full-time employee positions reported to obtain tax credits in each development zone;

(C) the amount of tax credits awarded for rehabilitating a building in each development zone;

(D) the amount of tax credits awarded for investing in a plant, equipment, or other depreciable property in each development zone;

(E) the information related to the tax credit contained in the office's latest report under Section 63N-1-301; and

(F) any other information that the Office of the Legislative Fiscal Analyst requests.

(ii)

(A) In providing the information described in Subsection (6)(b)(i), the office shall redact information that identifies a recipient of a tax credit under this section.

(B) If, notwithstanding the redactions made under Subsection (6)(b)(ii)(A), reporting the information described in Subsection (6)(b)(i) might disclose the identity of a recipient of a tax credit, the office may file a request with the Revenue and Taxation Interim Committee to provide the information described in Subsection (6)(b)(i) in the aggregate for all development zones that receive the tax credit under this section.

(c) As part of the study required by this Subsection (6), the Office of the Legislative Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and analysis of the information provided to the Office of the Legislative Fiscal Analyst by the office under Subsection (6)(b).

(d) The Revenue and Taxation Interim Committee shall ensure that the recommendations described in Subsection (6)(a) include an evaluation of:

(i) the cost of the tax credit to the state;

(ii) the purpose and effectiveness of the tax credit; and
(iii) the extent to which the state benefits from the tax credit.

Amended by Chapter 1, 2016 Special Session 3

**59-7-617 Nonrefundable tax credit for employment of a person who is homeless.**

(1) As used in this section:
(a) "Eligible employer" means a person who receives a tax credit certificate from the Department of Workforce Services in accordance with Title 35A, Chapter 5, Part 3, Tax Credit for Employment of Persons Who Are Homeless Act.
(b) "Person who is homeless" is as defined in Section 35A-5-302.
(2) Subject to the other provisions of this section, an eligible employer that is a corporation may claim a nonrefundable tax credit as provided in this section against a tax under this chapter.
(3) The tax credit under this section is the amount of tax credit listed on a tax credit certificate that the Department of Workforce Services issues to an employer for a taxable year under Title 35A, Chapter 5, Part 3, Tax Credit for Employment of Persons Who Are Homeless Act.
(4) An eligible employer may carry forward a tax credit under this section for a period that does not exceed the next five taxable years if:
(a) the eligible employer is allowed to claim a tax credit under this section; and
(b) the amount of the tax credit exceeds the eligible employer's tax liability under this chapter for that taxable year.
(5) An eligible employer shall retain a tax credit certificate the eligible employer receives from the Department of Workforce Services for the same time period a person is required to keep books and records under Section 59-1-1406.

Enacted by Chapter 315, 2014 General Session

**59-7-618 Tax credit related to natural gas heavy duty vehicles.**

(1) As used in this section:
(a) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air Conservation Act.
(b) "Heavy duty vehicle" means a commercial category 7 or 8 vehicle, according to vehicle classifications established by the Federal Highway Administration.
(c) "Natural gas" includes compressed natural gas and liquified natural gas.
(d) "Qualified heavy duty vehicle" means a heavy duty vehicle that:
(i) has never been titled or registered and has been driven less than 7,500 miles; and
(ii) is fueled by natural gas.
(e) "Qualified purchase" means the purchase of a qualified heavy duty vehicle.
(f) "Qualified taxpayer" means a taxpayer who:
(i) purchases a qualified heavy duty vehicle; and
(ii) receives a tax credit certificate from the board.
(g) "Small fleet" means 40 or fewer heavy duty vehicles registered in the state and owned by a single taxpayer.
(h) "Tax credit certificate" means a certificate issued by the board certifying that a taxpayer is entitled to a tax credit as provided in this section and stating the amount of the tax credit.
(2) For a taxable year beginning on or after January 1, 2015, a qualified taxpayer may claim a tax credit against tax otherwise due under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act:
(a) in an amount equal to:

(i) $25,000, if the qualified purchase occurs during calendar year 2015, calendar year 2016, or calendar year 2017;
(ii) $20,000, if the qualified purchase occurs during calendar year 2018;
(iii) $18,000, if the qualified purchase occurs during calendar year 2019; and
(iv) $15,000, if the qualified purchase occurs during calendar year 2020; and
(b) if the taxpayer certifies under oath that over 50% of the miles that the heavy duty vehicle that is the subject of the qualified purchase will travel annually will be within the state.

(3)
(a) Except as provided in Subsection (3)(b), a taxpayer may not submit an application for, and the board may not issue to the taxpayer, a tax credit certificate under this section in any taxable year for a qualifying purchase if the board has already issued tax credit certificates to the taxpayer for 10 qualifying purchases in the same taxable year.
(b) If, by May 1 of any year, more than 30% of the aggregate annual total amount of tax credits under Subsection (5) has not been claimed, a taxpayer may submit an application for, and the board may issue to the taxpayer, one or more tax credit certificates for up to eight additional qualifying purchases, even if the board has already issued to that taxpayer tax credit certificates for the maximum number of qualifying purchases allowed under Subsection (3)(a).

(4)
(a) Subject to Subsection (4)(b), the board shall reserve 25% of all tax credits available under this section for taxpayers with a small fleet.
(b) Subsection (4)(a) does not prevent a taxpayer from submitting an application for, or the board from issuing, a tax credit certificate if the amount reserved under Subsection (4)(a) for taxpayers with a small fleet has not been claimed by a date that is 90 days before the end of the year.

(5)
(a) The aggregate annual total amount of tax credits represented by tax credit certificates that the board issues under this section, when combined with the aggregate annual total amount of tax credits represented by tax credit certificates that the board issues under Section 59-10-1033, may not exceed $500,000.
(b) The board shall, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, make rules to establish a process whereby a taxpayer may reserve a potential tax credit under this section for a limited time to allow the taxpayer to make a qualifying purchase with the assurance that the aggregate limit under Subsection (5)(a) will not be met before the taxpayer is able to submit an application for a tax credit certificate.

(6)
(a)
(i) A taxpayer wishing to claim a tax credit under this section shall, using forms the board requires by rule:
(A) submit to the board an application for a tax credit;
(B) provide the board proof of a qualifying purchase; and
(C) submit to the board the certification under oath required under Subsection (2)(b).
(ii) Upon receiving the application, proof, and certification required under Subsection (6)(a)(i), the board shall provide the taxpayer a written statement from the board acknowledging receipt of the proof.
(b) If the board determines that a taxpayer qualifies for a tax credit under this section, the board shall:
(i) determine the amount of tax credit the taxpayer is allowed under this section; and

(ii) provide the qualifying taxpayer with a written tax credit certificate:
(A) stating that the taxpayer has qualified for a tax credit; and
(B) showing the amount of tax credit for which the taxpayer has qualified under this section.
(c) A taxpayer shall retain the tax credit certificate.
(d) The board shall at least annually submit to the commission a list of all taxpayers to whom the board has issued a tax credit certificate and the amount of each tax credit represented by the tax credit certificates.
(7) The tax credit under this section is allowed only:
(a) against a tax owed under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in the taxable year by the qualified taxpayer;
(b) for the taxable year in which the qualifying purchase occurs; and
(c) once per vehicle.
(8) A qualifying taxpayer may not assign a tax credit or a tax credit certificate under this section to another person.
(9) If the amount of a tax credit claimed by a qualifying taxpayer under this section exceeds the qualifying taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for a taxable year, the amount of the tax credit exceeding the tax liability may be carried forward for a period that does not exceed the next five taxable years.
(10)
(a) In accordance with any rules prescribed by the commission under Subsection (10)(b), the Division of Finance shall transfer at least annually from the General Fund into the Education Fund the aggregate amount of all tax credits claimed under this section.
(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules for making a transfer from the General Fund into the Education Fund as required by Subsection (10)(a).

Amended by Chapter 375, 2016 General Session

**59-7-619 Nonrefundable high cost infrastructure development tax credit.**
(1) As used in this section:
(a) "High cost infrastructure project" means the same as that term is defined in Section 63M-4-602.
(b) "Infrastructure cost-burdened entity" means the same as that term is defined in Section 63M-4-602.
(c) "Infrastructure-related revenue" means the same as that term is defined in Section 63M-4-602.
(d) "Office" means the Office of Energy Development created in Section 63M-4-401.
(2) Subject to the other provisions of this section, a corporation that is an infrastructure cost-burdened entity may claim a nonrefundable tax credit for development of a high cost infrastructure project as provided in this section.
(3) The tax credit under this section is the amount listed as the tax credit amount on a tax credit certificate that the office issues under Title 63M, Chapter 4, Part 6, High Cost Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for the taxable year.
(4) An infrastructure cost-burdened entity may carry forward a tax credit under this section for a period that does not exceed the next seven taxable years if:

(a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this section for a taxable year; and
(b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax liability under this chapter for that taxable year.

(5)
(a) In accordance with Section 59-7-159, the Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and make recommendations concerning whether the tax credit should be continued, modified, or repealed.
(b)
(i) Except as provided in Subsection (5)(b)(ii), for purposes of the study required by this Subsection (5), the office shall provide the following information, if available to the office, to the Office of the Legislative Fiscal Analyst:
(A) the amount of tax credit that the office grants to each infrastructure cost-burdened entity for each taxable year;
(B) the infrastructure-related revenue generated by each high cost infrastructure project;
(C) the information contained in the office's latest report under Section 63M-4-505; and
(D) any other information that the Office of the Legislative Fiscal Analyst requests.
(ii)
(A) In providing the information described in Subsection (5)(b)(i), the office shall redact information that identifies a recipient of a tax credit under this section.
(B) If, notwithstanding the redactions made under Subsection (5)(b)(ii)(A), reporting the information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax credit, the office may file a request with the Revenue and Taxation Interim Committee to provide the information described in Subsection (5)(b)(i) in the aggregate for all infrastructure cost-burdened entities that receive the tax credit under this section.
(c) As part of the study required by this Subsection (5), the Office of the Legislative Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and analysis of the information provided to the Office of the Legislative Fiscal Analyst by the office under Subsection (5)(b).
(d) The Revenue and Taxation Interim Committee shall ensure that the recommendations described in Subsection (5)(a) include an evaluation of:
(i) the cost of the tax credit to the state;
(ii) the purpose and effectiveness of the tax credit; and
(iii) the extent to which the state benefits from the tax credit.

Amended by Chapter 1, 2016 Special Session 3

**59-7-620 Nonrefundable tax credit for contribution to state Achieving A Better Life Experience Program account.**

(1) As used in this section:
(a) "Account" means the same as that term is defined in Section 35A-12-102.
(b) "Account administrator" means the same as that term is defined in Section 35A-12-102.
(c) "Contributor" means a corporation that:
(i) makes a contribution to an account; and
(ii) receives a statement from the account administrator in accordance with Section 35A-12-304 itemizing the contribution.
(d) "State Achieving a Better Life Experience Program" means the same as that term is defined in Section 35A-12-102.

(2) A contributor to an account created under the state Achieving a Better Life Experience Program may claim a nonrefundable tax credit as provided in this section.
(3) Subject to the other provisions of this section, the tax credit is equal to the product of:
(a) 5%; and
(b) the total amount of contributions:
(i) the contributor makes for the taxable year; and
(ii) for which the contributor receives a statement from the account administrator in accordance with Section 35A-12-304 itemizing the contributions.
(4) A contributor may not claim a tax credit under this section:
(a) for an amount of excess contribution that is returned to the contributor in accordance with Section 35A-12-302; or
(b) with respect to an amount the contributor deducts on a federal income tax return.
(5) A tax credit under this section may not be carried forward or carried back.

Enacted by Chapter 460, 2015 General Session